Title: Joseph Cua vs. Gloria A. Vargas, et al.

Facts:

The dispute centers on a parcel of residential land located in San Juan, Virac, Catanduanes, left by the late Paulina Vargas. On February 4, 1994, an Extra Judicial Settlement Among Heirs was executed by Paulina Vargas's heirs, partitioning the lot among themselves, though not all heirs signed it. A subsequent Extra Judicial Settlement Among Heirs with Sale was executed on November 15, 1994, where the portions belonging to the signing heirs, totaling 55 square meters, were sold to Joseph Cua, the petitioner.

Gloria Vargas, a respondent and widow of one of Paulina Vargas's heirs, learned about the sale in May 1995 when the original house on the lot was being demolished. She was unaware of the extrajudicial settlements prior. Attempts to redeem the property were made by Gloria Vargas, but Cua refused. Consequently, Gloria Vargas, together with her children, filed a case for annulment of the Extrajudicial Settlement and Legal Redemption of the lot with the Municipal Trial Court (MTC) of Virac, Catanduanes.

The MTC dismissed the complaint, upholding the sale to Cua. Upon appeal, the Regional Trial Court (RTC) affirmed the MTC's decision. The case was then elevated to the Court of Appeals (CA), which reversed the lower courts' decisions, declaring the extrajudicial settlements void and without legal effect for not including or notifying all heirs.

Issues:
1. Whether an extrajudicial settlement and partition of estate, duly published, binds heirs who did not participate or were not notified.
2. Whether the written notice required under Article 1088 of the Civil Code for the sale of hereditary rights to a stranger before partition can be omitted if the co-heirs have actual knowledge of the sale.

Court's Decision:
The Supreme Court agreed with the CA, stating that publication of an extrajudicial partition does not constitute constructive notice to heirs who had no knowledge or did not take part in it, rendering the partition invalid concerning those heirs. The Court highlighted the mandatory nature of a written notice for the sale of hereditary rights, which starts the period of redemption. The absence of such notice to Gloria Vargas and her children means they could still redeem the shares sold to Cua. The Court also found Cua's claim of being a builder in good faith unconvincing due to his knowledge of the incomplete participation of

heirs in the sale agreements.

Doctrine:
– The publication of an extrajudicial settlement does not constitute constructive notice to heirs who did not participate in or had no knowledge of the settlement, as it is a notice after the fact of execution.
– A written notice of the sale of hereditary rights is indispensable for the start of the redemption period under Article 1088 of the Civil Code.

Class Notes:
– **Extrajudicial Settlement:** The partition or settlement of an estate without undergoing judicial proceedings, subject to certain conditions, including the notification of all heirs.
– **Legal Redemption:** The right of co-heirs to be subrogated to the rights of a purchaser by reimbursing the price of the sale within a month from written notification.
– **Good Faith in Construction:** Belief by the builder that they own the land they are building on; requires absence of knowledge about any defect in title.

Article 1088, Civil Code: "Should any of the heirs sell his hereditary rights to a stranger before the partition, any or all of the co-heirs may be subrogated to the rights of the purchaser by reimbursing him for the price of the sale, provided they do so within the period of one month from the time they were notified in writing of the sale by the vendor."

Historical Background:
This case underscores the intricate legal dynamics of inheritance and property rights in the Philippines. It highlights the crucial role that due process and notification play in extrajudicial settlements among heirs, ensuring that all parties involved have a fair opportunity to engage in the settlement and protect their hereditary rights.